

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 COME-00 EB-08
INR-10 LAB-04 NSAE-00 SIL-01 AID-05 PA-01 ICA-11
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R 071202Z AUG 78
FM AMEMBASSY AMMAN
TO SECSTATE WASHDC 7148
INFO AMEMBASSY ABU DHABI
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY DOHA
AMEMBASSY DAMASCUS
AMCONSUL JERUSALEM
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
USLO RIYADH
AMEMBASSY SANA
AMEMBASSY TRIPOLI
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 06420

PASS AID

E.O. 11652: GDS
TAGS: ELAB, XF, JO
SUBJECT: JORDANIAN LABOR COMPENSATION PLANNING TAKES SHAPE

1. SUMMARY: GOJ HAS WORKED OUT INFORMAL AGREEMENTS WITH
SAUDI ARABIA, KUWAIT, LIBYA, QATAR AND UAE THAT GOJ RECEIVE
SOME FORM OF COMPENSATION FOR SKILLED LABOR IT "EXPORTS"
TO LABOR SHORT ARAB STATES. TENTATIVE ARRANGEMENTS WILL
PROVIDE FOR GOJ COLLECTION OF FIVE PERCENT SURCHARGE ON
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MONTHLY SALARY OF GOJ PASSPORT HOLDERS WORKING IN ARAB
COUNTRIES. MOST WILL PROBABLY BE IMPLEMENTED THROUGH
AMENDMENT OF GOJ PERSONAL INCOME TAX LAW. PRELIMINARY
SYSTEM TO REGULARIZE LABOR MIGRATION AND COLLECT STATIS-
TICAL INFORMATION ON OUTFLOW ALREADY INITIATED BY GOJ
WITH ARAB EMBASSIES IN AMMAN. PASSPORT VALIDITY IS TO BE
DECREASED TO THREE YEARS AND FEES FOR ISSUANCE INCREASED.

END SUMMARY.

2. MINLABOR AJLUNI ANNOUNCED JULY 31 THAT GOJ HAS RECEIVED POSITIVE RESPONSES FROM COUNTERPARTS IN SAUDI ARABIA, KUWAIT, QATAR, UAE AND LIBYA TO GOJ SUGGESTION THAT FORMAL ARRANGEMENTS BE MADE TO PROVIDE GOJ WITH FINANCIAL COMPENSATION FOR SKILLED AND PROFESSIONAL LABOR THAT IT TRAINS AND THEN "EXPORTS" TO LABOR POOR ARAB STATES. TO ASSIST IN HANDLING THESE NEW ARRANGEMENTS, GOJ PLANS TO SEND LABOR ATTACHES TO SEVERAL OF ITS EMBASSIES ABROAD.

3. IN FOLLOW-UP CONVERSATION WITH POLOFF, MINLABOR UNDER-SEC JAWAD ANANI SAID HE HAD BROACHED SUBJECT OF COMPENSATION WITH SAUDI MINLABOR ANQARI AND HIS UNDERSEC DURING RECENT ILO CONVENTION IN GENEVA. SAUDI UNDERSEC HAD AT FIRST HUFFILY REJECTED IDEA OF COOPERATING WITH GOJ IN DEVELOPING COMPENSATION PLAN, "BECAUSE SAUDI ARABIA DOESN'T NEED JORDANIAN LABOR ANYWAY." ONLY WHEN ANANI CALLED HIS BLUFF, SAYING THAT IN THAT CASE HE WOULD RETURN HOME AND BEGIN PLANNING FOR DIVERSION OF ALL JORDANIAN LABOR ELSEWHERE, DID ANQARI COOL OFF HIS UNDERSECRETARY AND CONCEDE THAT SAG COULD ILL AFFORD TO LOSE ITS EXPATRIATE JORDANIAN/PALESTINIAN LABOR FORCE. HE AND ANANI TENTATIVELY AGREED ON COMPENSATION FORMULA THAT WOULD PROVIDE PAYMENT TO GOJ OF FIVE PERCENT OF MONTHLY SALARY OF EVERY GOJ PASSPORT HOLDER WORKING IN SAUDI ARABIA.
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SALARIES WOULD BE RAISED TO COMPENSATE INDIVIDUAL JORDANIANS FOR FIVE PERCENT CHARGE. HOWEVER, COMPENSATION PLAN WILL NOT BE PUT INTO EFFECT, ANANI SAID, UNTIL JORDANIAN INCOME TAX LAW IS AMENDED TO PROVIDE FOR COLLECTION OF INCOME TAX ON SALARIES EARNED OUTSIDE THE COUNTRY.

4. IN CONTRAST TO SAUDIS, ANANI REPORTED THAT KUWAITIS WERE IMMEDIATELY RECEPTIVE OF COMPENSATION IDEA AND INDEED SUGGESTED THAT SURCHARGE BE PAID DIRECTLY TO GOJ BY KUWAITI EMPLOYERS. THIS KIND OF SCHEME WOULD NOT INVOLVE GOJ PERSONAL INCOME TAX LAW AND WOULD BE ADMINISTERED THROUGH GOJ LABOR ATTACHE IN KUWAIT AND MINLABOR IN AMMAN.

5. ACCORDING TO ANANI, LIBYAN, QATARI AND UAE REPRESENTATIVES ALSO AGREED IN PRINCIPLE TO DRAW UP LABOR COMPENSATION PLAN. DISCUSSIONS ON DETAILS HAVE NOT YET BEGUN.

6. IN THE MEAN TIME, GOJ MINLABOR HAS WORKED OUT INFORMAL ARRANGEMENTS WITH SAUDI, KUWAITI AND LIBYAN EMBASSIES IN AMMAN TO REGULARIZE FLOW OF LABOR TO THESE COUNTRIES AND, MOST IMPORTANTLY AT THIS EARLY STAGE, TO BEGIN DATA COLLEC-

TION ON LABOR OUTFLOWS. SO FAR, THESE ARRANGEMENTS CONSIST ONLY OF ROUTING WORK VISA APPLICATIONS OF JORDANIAN PASSPORT HOLDERS THROUGH MINLABOR FOR RECORDING OF STATISTICAL INFORMATION BEFORE FORWARDING TO APPROPRIATE EMBASSY. ANANI CLAIMS THAT VISA APPLICATIONS ARE NOT IN ANY WAY SCREENED OR WEEDED OUT BY MINISTRY; THAT CHORE STILL RESTS WITH RESPECTIVE CONSULS.

7. IN ANOTHER EFFORT TO REIMBURSE GOJ FOR COSTS IT INCURS IN EDUCATING AND TRAINING LABOR FORCES OF ITS ARAB NEIGH-

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C O N F I D E N T I A L SECTION 02 OF 02 AMMAN 06420

BORS, A BILL HAS JUST BEEN APPROVED BY CONSULTATIVE ASSEMBLY REDUCING PASSPORT VALIDITY FROM FIVE TO THREE YEARS AND INCREASING ISSUANCE FEES TO 5 JD (\$15).

8. COMMENT: INSTIGATION IN GOJ FOR DEVELOPMENT OF LABOR COMPENSATION PLANS CAME A YEAR AGO WHEN CROWN PRINCE HASAN DELIVERED A SPEECH ON SUBJECT AT THE ILO CONVENTION.

MINLABOR'S ANANI HAS BEEN WORKING ON PROBLEM SINCE;
COMPLETE LACK OF STATISTICS IN FIELD OF LABOR MIGRATION
LED HIM TO MAKE "AD HOC" ARRANGEMENTS WITH LOCAL ARAB
EMBASSIES TO BEGIN SYSTEMATIC COLLECTION OF DATA ON
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NUMBERS OF PEOPLE LEAVING JORDAN TO WORK ELSEWHERE, NUMBER
OF YEARS OF TRAINING PROVIDED FOR THEM BY GOJ, FIELDS IN
WHICH MIGRANTS ARE WORKING AND NUMBER OF YEARS THEY EXPECT
TO REMAIN ABROAD. COLLECTION AND ANALYSIS OF THIS DATA IS
ESSENTIAL TO GOJ'S ABILITY TO FORECAST ITS TRAINING
REQUIREMENTS AND TO DETERMINE HOW MUCH OF GOJ'S BUDGET IS
USED TO TRAIN LABOR FOR OTHER ARAB STATES. (COMPENSATION
PAYMENTS WILL BE EARMARKED IN FIRST INSTANCE FOR IMPROVE-
MENT AND EXPANSION OF TRAINING AND EDUCATIONAL FACILITIES.)
HOW MUCH MONEY MIGHT EVENTUALLY BE RETURNED TO JORDAN'S
TREASURY WILL BE DIFFICULT FOR GOJ AND FOR US TO GUESS
UNTIL SUFFICIENT STATISTICS ON MIGRANTS AND THEIR EARNINGS
ARE COLLECTED. IN ANY CASE, NO LABOR COMPENSATION
AGREEMENTS WILL BE CONCLUDED UNTIL INCOME TAX LAW HAS BEEN
AMENDED, A PROCESS THAT IS LIKELY TO TAKE MANY MONTHS.
ANANI COULD NOT ESTIMATE HOW LONG AFTER THIS THE COM-
PENSATION AGREEMENTS WITH ARAB STATES COULD BE ENACTED,
BUT WE SUSPECT ENTIRE PROCESS WILL TAKE A YEAR OR TWO.
SUDDARTH

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